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Happy Deficit Day, America!

By James R. Harrigan & Antony Davies

Every year the Tax Foundation announces "Tax Freedom Day"-the date by which the average American has earned enough to pay his taxes for the year. This year Tax Freedom Day finally arrived on April 17th. That means that, if you are an average American, it will take every penny you earned from January 1st until April 17th to pay your taxes for the year. Only what you earn from April 18th on would be yours to keep. Today, the average American has to work 107 days, or almost 30 percent of the year, to pay for government.

As appalling as the late date of Tax Freedom Day is, and it is appalling, it only tells half the story. The 107 days of your labor that Washington claims for itself do not come close to paying for government. Most Americans know that the government spends more than it takes in, and a simple measurement along the lines of Tax Freedom Day would put this into sharp perspective.

We propose "Deficit Day"-the date at which federal tax revenues run dry and Uncle Sam begins racking up more debt. This year it falls on September 10th.

If the federal government were to spend the same amount of money each day starting on January 1st, it would run through all of its tax revenue by September 10th. Everything the government spent from then until the end of the year would be on credit.

If lawmakers produced a balanced budget, Deficit Day would occur on December 31st, when the government spent the last dollar of its annual tax receipts at the stroke of midnight on New Year's Eve. But we haven't seen a balanced budget since the Eisenhower administration.

Conventional wisdom holds that the Clinton administration ran surpluses. But this is a twisting of the facts. It is true that the debt held by the public-which excludes money the government borrows from the Social Security trust fund-declined by $433 billion from 1997 to 2001. But, over those same years, the government borrowed $827 billion from the Social Security trust fund. In other words, the only way to claim that the Clinton administration ran surpluses is to admit that the government has no intention of paying back that $827 billion it borrowed from Social Security.

The latest that Deficit Day has fallen in the past 40-some years has been mid-December, at the end of the Clinton administration. The earliest was the beginning of July, during the Great Recession in 2009.

What's important about Deficit Day is the number of days that come after. Each subsequent day is another day in which the entire federal government is being paid for on credit. This year, the government will borrow, on average, $10 billion on each and every one of the 110 days from Deficit

Day until the end of the year. That's 110 days of government operations that will be sitting on America's Credit Card come December 31st.

Last year, the government borrowed to pay for 132 days of operations. The year before that, 159 days. Over the past decade, the government had to borrow money to keep itself in operation for a grand total of 1,061 days. That's almost three full years of government that our children and grandchildren will have to pay for-in addition to paying for whatever the government does in the future. It's a devastating blow to their economic freedom and their future welfare.

If an individual American behaved this way he wouldn't be able to get a loan to buy a cup of coffee. When the federal government behaves this way it just prints and sells more bonds. We know that Tax Freedom Day should come much earlier in the year. We should also know that Deficit Day needs to come at the very end, if it comes at all.

But hey, happy Deficit Day.

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James R. Harrigan is a fellow of the Institute of Political Economy at Utah State University, and Antony Davies is a professor of economics at Duquesne University in Pittsburgh.

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